

Management Discussion and Analysis

FINANCIAL POSITION

As at 31 December 2004, the Group had total assets and liabilities of HK\$948.5 million and HK\$397.4 million, respectively. Shareholders' equity increased to HK\$480.0 million while minority interests amounted to HK\$71.1 million.

The Group's net debt (total borrowings minus cash and bank balances) increased by HK\$30.4 million to HK\$75.5 million. The Group's borrowings, at interest rates ranged from 2.5% to 5.3% per annum, were 71% and 19% denominated in Renminbi and United States Dollars, respectively. The gearing ratio (net debt to equity) was 15.7% whilst the current ratio (current assets over current liabilities) was 129%. Certain properties of the Group with an aggregate carrying value of HK\$50.4 million were pledged as securities for the Group's banking facilities. As at the balance sheet date, the Company has guarantees given to banks in connection with facilities granted to subsidiaries of HK\$265 million, which were utilised to the extent of HK\$189 million.

EMPLOYEES

The Group had 1,890 full-time employees as at 31 December 2004. The total staff costs (including directors' remuneration) for the year ended 31 December 2004 amounted to HK\$84.1 million, increased by 22.8% comparing with last year. Salaries of employees are maintained at competitive levels while share options and bonuses are granted based on individual and business performance.